

RESOLUTION NO. 2025-018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING THE CITY MANAGER TO ENTER INTO AMENDED AND RESTATED LETTERS OF INTENT WITH MUTUAL HOUSING CALIFORNIA AND ABODE COMMUNITIES FOR THE DEVELOPMENT OF CITY-OWNED SITES IN OLD TOWN AND SHELDON FARMS NORTH, RESPECTIVELY (CEQA EXEMPT)

WHEREAS, the City of Elk Grove (the “City”) has recognized the need to provide affordable housing to all economic segments of the City; and

WHEREAS, the City owns certain parcels acquired for the purpose of facilitating affordable housing development, the first at 9220, 9230, 9240, and 9244 Elk Grove Boulevard (APNs 134-0072-016, -015, -014, and -013) (“Old Town Site”), and the second at 8851 Bruceville Road (APN 116-0012-070) (“Sheldon Farms North Site”) (collectively, “Sites”); and

WHEREAS, in response to a City Request for Proposals (RFP), Mutual Housing California, a California nonprofit public benefit corporation, proposes to plan and develop an 89-unit senior affordable housing project on the Old Town Site, with a City contribution of \$3 million plus land value to help achieve financial feasibility for the project and maximize the affordability of project units; and

WHEREAS, in response to a City RFP, Abode Communities, a California nonprofit public benefit corporation, proposes to plan and develop a 240-unit multifamily affordable housing project on the Sheldon Farms North Site, with a City contribution of \$4.05 million plus land value to help achieve financial feasibility for the project and maximize the affordability of project units; and

WHEREAS, after a Request for Proposals process, staff and the Affordable Housing Committee worked with Mutual Housing California and Abode Communities on letters of intent (“LOIs”) committing to a partnership to develop affordable housing on City-owned property at the Old Town and Sheldon Farms North sites, respectively; and

WHEREAS, the LOIs provide an exclusive development opportunity to the developers of the Sites; and

WHEREAS, the LOIs require the developers of the Sites to conduct public outreach and engagement, prepare entitlement plans, complete a loan application and receive a loan commitment for funding through the City’s Affordable Housing Fund, and secure all necessary funding for the development of the Sites as affordable housing; and

WHEREAS, on February 14, 2024, the City Council of the City of Elk Grove authorized the City Manager to enter into separate LOIs with Mutual Housing California and Abode Communities for the development of the Old Town and Sheldon Farms North Sites, respectively; and

WHEREAS, the LOIs are currently set to expire on February 13, 2025, or until replaced by a purchase and sale agreement, whichever occurs first; and

WHEREAS, due to the complexity of securing affordable housing funding from state and federal sources, both developers of the Sites have requested a 12-month extension to their respective LOI to allow more time to enhance funding competitiveness and meet all project conditions; and

WHEREAS, staff negotiated separate Amended and Restated LOIs with the developers of the Sites to continue collaboration toward the development of affordable housing.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Elk Grove hereby finds that approval of the Amended and Restated Letters of Intent by this resolution is exempt from further environmental review under the provisions of the California Environmental Quality Act (CEQA) based on the findings and evidence set forth below:

Finding: The approval of the subject Amended and Restated Letters of Intent for two affordable housing projects does not constitute the approval of a project under the California Environmental Quality Act (CEQA) and is exempt from further CEQA review.

Evidence: The Council's action only approves two Amended and Restated Letters of Intent and will not cause a direct physical change in the environment, nor a reasonably foreseeable indirect physical change in the environment. The Council's action at this stage is merely a conditional commitment by the City to work collaboratively with Abode Communities and Mutual Housing on the development of affordable housing, and it does not constitute the approval of a project. Environmental review of the projects is underway and will be completed as a part of their entitlements processed through the City's Development Services Division. The Council's action, therefore, does not constitute the approval of a project under CEQA, and it is exempt from CEQA. (Pub. Res. Code § 21065, CEQA Guidelines §§ 15060(c),(2)(3); 15061(b)(3); 15064(d)(3); 15352; 15378; *Laurel Heights Improvement Association of San Francisco, Inc. v. The Regents of the University of California*, 47 Cal.3d 376, 398 (1988))

AND, BE IT FURTHER RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to enter into an Amended and Restated Letter of Intent with Mutual Housing California, attached hereto as Exhibit A and incorporated herein by reference, for the development of a City-owned site in Old Town Elk Grove, subject to the terms and conditions contained therein.

AND, BE IT FURTHER RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to enter into an Amended and Restated Letter of Intent with Abode Communities, attached hereto as Exhibit B and incorporated herein by reference, for the development of a City-owned site in Sheldon Farms North, subject to the terms and conditions contained therein.


AND, BE IT FURTHER RESOLVED that the City Council of the City of Elk Grove hereby authorizes the City Manager to modify the termination date of the Amended and Restated Letters of Intent with Mutual Housing California and Abode Communities, provided such modifications are made in writing and signed by both the City Manager and the respective developer prior to the termination date.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 12th day of February 2025




BOBBIE SINGH-ALLEN, MAYOR of the
CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JONATHAN P. HOBBS,
CITY ATTORNEY

Phone: 916.683.7111
Fax: 916.691.3168

Web: www.elkgrovecity.org

8401 Laguna Palms Way
Elk Grove, California 95758



February 12, 2025
Mutual Housing California
3321 Power Inn Road, Suite 320
Sacramento, CA 95826
Attn: Anne Marie Flynn, Interim CEO

AMENDED AND RESTATED LETTER OF INTENT FOR DEVELOPMENT OF 9220-9244 ELK GROVE BOULEVARD

The purpose of this Amended and Restated Letter of Intent ("LOI") is to express the City of Elk Grove's ("Seller" or "City") interest in selling or conveying the property located at 9220-9244 Elk Grove Boulevard in Elk Grove, California, further identified as APNs 134-0072-013 through -016 ("Site"), to Mutual Housing California, a California nonprofit public benefit corporation, or such limited partnership as may be created by Mutual Housing California for this affordable housing project ("Buyer"), collectively referred to as the "Parties".

Any purchase of the Site is conditional on the finalization of a purchase and sale or conveyance agreement ("Conveyance Agreement") between Buyer and Seller, and final approval of the Conveyance Agreement by the Elk Grove City Council ("City Council") as part of a public agenda. The Buyer shall have no obligation to acquire, and the Seller shall have no obligation to sell or convey, the Site unless and until such Conveyance Agreement has been signed by authorized representatives of each party, setting forth the specific terms and conditions of the conveyance, as approved by City Council. Below are the general terms currently being contemplated by the Seller. The term "shall" is mandatory and the term "may" is permissive.

- Seller:** City of Elk Grove, a California municipal corporation
- Buyer:** Mutual Housing California, a California nonprofit public benefit corporation, or such limited partnership as may be created by Mutual Housing California
- Site:** 9220-9244 Elk Grove Boulevard
APNs 134-0072-013, -014, -015, and -016
- Estimated Land Value:** The Site's estimated valuation is \$1.20 million. Buyer shall commission a licensed appraiser to appraise the Site to determine its fair market value. Final purchase price is subject to adjustment based on an appraisal commissioned by the Buyer at the time development entitlements are approved, or such other time that is mutually agreed by the Parties. Any agreement shall be in writing.
- Term:** This LOI shall be valid for a term of 12 months as of the date executed by the Parties and approved as to form by the City Attorney or until replaced by a Conveyance Agreement, whichever occurs first. The City Manager shall be authorized to modify the termination date of this LOI by a writing signed by the City Manager and the Buyer prior to the initial termination date.

Exclusive Arrangement: The Seller guarantees that, for such term as this LOI and the subsequent Conveyance Agreement remains valid, the Buyer shall have an exclusive opportunity to pursue development of the Site.

The Project: This LOI is intended to facilitate the development of an affordable housing development consisting of approximately 89 senior units, with rents ranging from 30% to 70% AMI ("Project"). A maximum of one unit, with no rent restrictions, shall be developed and operated as a manager unit. The design of the Project shall be in keeping with the context of the Site and integrating into the overall historical architectural character of the area. The Project shall meet one of the exemptions to the Surplus Land Act set forth in Government Code section 54221(f)(1) such that the property is considered "exempt surplus."

Seller's Obligation Seller shall provide any and all documents, records, or other information in Seller's possession about the property or surrounding context that would normally be provided to inform the development of the Site.

The City shall consider an Affordable Housing Fund loan commitment of no more than \$3,000,000 for the Project's costs, excluding the costs of land acquisition. The City shall also consider an Affordable Housing Fund loan commitment for the Site land value, dependent on the method of conveyance selected. Such commitment shall be considered by the Affordable Housing Committee and City Council following execution of this LOI.

Buyer's Obligations: The Buyer shall undertake the following actions:

- Undertake a public outreach and engagement process for development of the Site with the community. The specific outreach and engagement plan was provided to the City for review and approval within 30 days of the execution of this LOI. The outreach plan was completed in 2024.
- Prepare all Site development plans, including site plans, architecture plans, utility plans, and other materials required for submission to the City's Community Development Department.
- Complete a loan application for funding through the City's Affordable Housing Fund and obtain a loan commitment from the City. The loan application was submitted in 2024.
- Secure design review and any other City entitlements necessary to develop the Project.
- Apply for and secure all necessary Project funding, except for any funds provided by the City.
- Prepare all Site construction plans and approvals, including, but not limited to, civil plans, building plans, and landscape plans.
- Pay all agency processing fees, impact fees, mitigation fees, or other costs associated with design, development/construction, and operation of the Project.

Process: The Parties agree to the following process and estimated timeline:

- April 2024 – June 2024: Completed community engagement process.
- August 2024: Entitlements submittal.
- February 2025: Execution of the Amended and Restated LOI.
- March 2025: Execute the Conveyance Agreement in a form satisfactory to both parties. City to declare Site “exempt surplus” at this time.
- March 2025: Secure loan commitment from City Affordable Housing Fund.
- June 2025: Consideration of entitlements by appropriate City approval authority.
- April 2025 – Late 2026: Secure Project funding.
- 180 days from date of CDLAC/TCAC award in any competition held in 2025 or 2026: Close Project financing and complete conveyance of Site.
- Early 2026: - Mid 2027: Begin project construction.
- Summer 2027 – Late 2028: Construction Completed.
- Late 2027 – Early 2029: Lease Up and Completion.

Right to Rescind or Revert to the City: At any time during the term of this LOI, the City reserves the right to terminate the LOI with 30 days’ notice. Should the City terminate the LOI without cause, the City shall reimburse reasonable Project expenses incurred by Buyer upon receipt of documentation showing such expenses.

Should the Buyer fail to develop the Project as described herein or perform within the timeframe provided herein or such other schedule as mutually agreed to by the Parties, as determined by the City in its sole discretion, the City shall have the right to terminate this LOI, the Conveyance Agreement, and/or to seek a transfer of the Site back to the City. Upon a termination for cause, the City shall not be liable for reimbursement of any Project expenses incurred by the Buyer. Should the Site be transferred back to the City, the Buyer shall only be entitled to the purchase funds, less any title fees, taxes, or other reasonable transfer expenses paid by Buyer.

Due Diligence and Right to Entry: After the execution of this LOI, Buyer shall be provided access to the Site pursuant to a Right of Entry agreement between the Parties to evaluate the suitability of the Site for the Project which may include environmental site assessments, appraisal, ALTA/ASCM survey, and other inspections and reports as Buyer may require.

CEQA Provisions: With respect to the California Environmental Quality Act (CEQA), this LOI is merely an agreement to enter into good faith negotiations with respect to the proposed Conveyance Agreement according to the terms hereof so that mutually acceptable Conveyance Agreement can be submitted to the City Council for its consideration, all within the times provided herein with all final discretion and approval remaining with the City Council as to any proposed Conveyance Agreement, and all proceedings and decisions in connection therewith, as well as any and all future land use entitlements and approvals with respect to development of the Site (unless such land use approvals are deferred to the Planning Commission or Zoning Administrator). As required by law, the City retains the sole and independent discretion as the lead

Letter of Intent – Mutual Housing California
February 12, 2025

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agency to, among other things, balance the benefits of the Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and determine to modify or not to proceed with the Project. This LOI does not legally obligate approval of the Project under CEQA, the entitlements and permits for the Project, or that the transaction described by the Conveyance Agreement will exist unless and until the conclusion of all applicable CEQA review processes and/or all other public review and hearing processes, subject to all applicable government approvals.

Until and unless the Conveyance Agreement is signed by Buyer, approved by the City Council and executed by the City, no agreement drafts, actions, deliverables or communications arising from the performance of this LOI shall impose any legally binding obligation on either Party to enter into Conveyance Agreement or be used as evidence of any oral or implied agreement by either Party to enter into any other legally binding document governing development of the Site.

**Brokerage
Commissions:**

Seller is acting as their own agent and Seller is not obligated to pay any brokerage commission on behalf of the Buyer.

Form of Agreement:

The initial draft of the Conveyance Agreement shall be prepared by the Seller and shall contain such other terms and conditions as are customary and appropriate in transactions of this nature and reviewed and approved by Buyer.

Miscellaneous:

Amendments, changes, or modifications in the terms of this LOI may be made at any time by mutual written agreement between the Parties hereto and shall be signed by the persons authorized to bind the Parties.

If the proposals set forth above are acceptable to you, please sign and date the enclosed copy of this Letter of Intent indicating that you agree with these terms. This Letter of Intent may be signed in counterpart. Upon our receipt of your signature to this Letter of Intent, and the counter signing of this Letter of Intent by the City, we will proceed with the steps necessary to enter into a Conveyance Agreement.

Letter of Intent – Mutual Housing California
February 12, 2025

CITY:

CITY OF ELK GROVE,
a California municipal corporation

By: _____
Jason Behrmann
City Manager

Date: _____

Approved as to form:

By: Jonathan P. Hobbs _____
Jonathan P. Hobbs
City Attorney

Attest:

By: _____
Jason Lindgren
City Clerk

BUYER:

MUTUAL HOUSING CALIFORNIA,
a California nonprofit public benefit corporation

By: Anne Marie Flynn _____
Anne Marie Flynn
Interim CEO

2/4/2025 | 11:59 AM PST
Date: _____

Phone: 916.683.7111
Fax: 916.691.3168

Web: www.elkgrovecity.org

8401 Laguna Palms Way
Elk Grove, California 95758



February 12, 2025

Sheldon Farms, L.P.
1149 S. Hill Street, Suite 700
Los Angeles, CA 90015
Attn: Holly Benson, President & CEO

AMENDED AND RESTATED LETTER OF INTENT FOR DEVELOPMENT OF 8851 BRUCEVILLE ROAD

The purpose of this Amended and Restated Letter of Intent ("LOI") is to express the City of Elk Grove's ("Seller" or "City") interest in selling or conveying the property located at 8851 Bruceville Road in Elk Grove, California, further identified as APN 116-0012-070 ("Site"), to Sheldon Farms, L.P., a California limited partnership, created by Abode Communities for this affordable housing project ("Buyer"), collectively referred to as the "Parties".

Any purchase of the Site is conditional on the finalization of a purchase and sale or conveyance agreement ("Conveyance Agreement") between Buyer and Seller, and final approval of the Conveyance Agreement by the Elk Grove City Council ("City Council") as part of a public agenda. The Buyer shall have no obligation to acquire, and the Seller shall have no obligation to sell or convey, the Site unless and until such Conveyance Agreement has been signed by authorized representatives of each party, setting forth the specific terms and conditions of the conveyance, as approved by City Council. Below are the general terms currently being contemplated by the Seller. The term "shall" is mandatory and the term "may" is permissive.

Seller: City of Elk Grove, a California municipal corporation

Buyer: Sheldon Farms, L.P., a California limited partnership

Site: 8851 Bruceville Road
APN 116-0012-070

Land Consideration: The consideration for the Site shall be \$3.02 million or such other amount as may be mutually agreed to by the parties (the "Land Consideration"). In no event shall the Land Consideration exceed the appraised value of the property as determined by a licensed appraiser commissioned by the Buyer at the time development entitlements are approved, or such other time that is mutually agreed by the Parties. Any agreement shall be in writing.

Term: This LOI shall be valid for a term of 12 months as of the date executed by the Parties and approved as to form by the City Attorney or until replaced by a Conveyance Agreement, whichever occurs first. The City Manager shall be authorized to extend the termination date of this LOI by a writing signed by the City Manager and the Buyer prior to the initial termination date.

Letter of Intent - Sheldon Farms, L.P.
February 12, 2025

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Exclusive Arrangement: The Seller guarantees that, for such term as this LOI and the subsequent Conveyance Agreement remains valid, the Buyer shall have an exclusive opportunity to pursue development of the Site.

The Project: This LOI is intended to facilitate the development of an affordable housing development consisting of approximately 240 family units, with rents ranging from 30% to 80% AMI ("Project"). A maximum of two units, with no rent restrictions, shall be developed and operated as manager units. The design of the Project shall integrate an urban character that provides for orientation/activation of the transit corridor along Bruceville Road and integrates with the adjoining residential neighborhood. The Project shall meet one of the exemptions to the Surplus Land Act set forth in Government Code section 54221(f)(1) such that the property is considered "exempt surplus."

Seller's Obligation Seller shall provide any and all documents, records, or other information in Seller's possession about the property or surrounding context that would normally be provided to inform the development of the Site.

The City shall consider an Affordable Housing Fund loan commitment of no more than \$4,050,000 for the Project's costs, excluding the costs of land acquisition. The City may also consider an Affordable Housing Fund loan commitment for the Land Consideration, dependent on the method of conveyance selected. Such commitment shall be considered by the Affordable Housing Committee and City Council following execution of this LOI.

Buyer's Obligations: The Buyer shall undertake the following actions:

- Undertake a public outreach and engagement process for development of the Site with the community. The specific outreach and engagement plan shall be provided to the City for review and approval within 30 days of the execution of this LOI. The outreach and engagement plan was completed in 2024.
- Prepare all Site development plans, including site plans, architecture plans, utility plans, and other materials required for submission to the City's Community Development Department.
- Complete a loan application for funding through the City's Affordable Housing Fund and obtain a loan commitment from the City. The initial loan application was submitted in October 2024, and an updated application will be filed once the planned financing structure and other details are finalized.
- Secure design review and any other City entitlements necessary to develop the Project.
- Apply for and secure all necessary Project funding, except for any funds provided by the City.
- Prepare all Site construction plans and approvals, including, but not limited to, civil plans, building plans, and landscape plans.
- Pay all agency processing fees, impact fees, mitigation fees, or other costs associated with design, development/construction, and operation of the Project.

Letter of Intent - Sheldon Farms, L.P.
February 12, 2025

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Process:

The Parties agree to the following process and estimated timeline:

- February 2025: Execution of this Amended and Restated LOI.
- March 2025: Execute the Conveyance Agreement in a form satisfactory to both parties. City to declare Site "exempt surplus" at this time.
- March 2025: Secure loan commitment from City Affordable Housing Fund.
- August 2025: Consideration of entitlements by appropriate City approval authority.
- April 2025 – Late 2026: Secure Project funding.
- Early 2027: Close Project financing and complete conveyance of Site (the "Closing Date").
- 2027 – 2028: Construct Project.
- 2029: Construction Completion.
- July 2029: Lease up and Completion

Right to Rescind or Revert to the City:

At any time during the term of this LOI, the City reserves the right to terminate the LOI with 30 days' notice. Should the City terminate the LOI without cause, the City shall reimburse reasonable Project expenses incurred by Buyer upon receipt of documentation showing such expenses.

Should the Buyer fail to develop the Project as described herein or perform within the timeframe provided herein or such other schedule as mutually agreed to by the Parties, and such failure continues for a period of 30 days after Seller's written notice of such failure to Buyer, as determined by the City in its reasonable discretion, the City shall have the right to terminate this LOI, and prior to the Closing Date, the Conveyance Agreement. Upon termination for cause, the City shall not be liable for reimbursement of any Project expenses incurred by the Buyer.

Due Diligence and Right to Entry:

After the execution of this LOI and prior to the closing date set forth in the Conveyance Agreement, Buyer shall be provided access to the Site pursuant to a Right of Entry agreement between the Parties to evaluate the suitability of the Site for the Project which may include environmental site assessments, appraisal, ALTA/ASCM survey, and other inspections and reports as Buyer may require.

CEQA Provisions:

With respect to the California Environmental Quality Act (CEQA), this LOI is merely an agreement to enter into good faith negotiations with respect to the proposed Conveyance Agreement according to the terms hereof so that mutually acceptable Conveyance Agreement can be submitted to the City Council for its consideration, all within the times provided herein with all final discretion and approval remaining with the City Council as to any proposed Conveyance Agreement, and all proceedings and decisions in connection therewith, as well as any and all future land use entitlements and approvals with respect to development of the Site (unless such land use approvals are deferred to the Planning Commission). As required by law, the City retains the sole and independent discretion as the lead agency to, among other things, balance the benefits of the Project against any significant environmental impacts prior to taking final action if such significant impacts cannot otherwise be avoided, and determine to modify or not to proceed

Letter of Intent - Sheldon Farms, L.P.
February 12, 2025

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with the Project. This LOI does not legally obligate approval of the Project under CEQA, the entitlements and permits for the Project, or that the transaction described by the Conveyance Agreement will exist unless and until the conclusion of all applicable CEQA review processes and/or all other public review and hearing processes, subject to all applicable government approvals.

Until and unless the Conveyance Agreement is signed by Buyer, approved by the City Council and executed by the City, no agreement drafts, actions, deliverables or communications arising from the performance of this LOI shall impose any legally binding obligation on either Party to enter into Conveyance Agreement or be used as evidence of any oral or implied agreement by either Party to enter into any other legally binding document governing development of the Site.

**Brokerage
Commissions:**

Seller is acting as their own agent and Seller is not obligated to pay any brokerage commission on behalf of the Buyer.

Form of Agreement:

The initial draft of the Conveyance Agreement shall be prepared by the Seller and shall contain such other terms and conditions as are customary and appropriate in transactions of this nature and reviewed and approved by Buyer.

Miscellaneous:

Amendments, changes, or modifications in the terms of this LOI may be made at any time by mutual written agreement between the Parties hereto and shall be signed by the persons authorized to bind the Parties.

If the proposals set forth above are acceptable to you, please sign and date the enclosed copy of this Letter of Intent indicating that you agree with these terms. This Letter of Intent may be signed in counterpart. Upon our receipt of your signature to this Letter of Intent, and the counter signing of this Letter of Intent by the City, we will proceed with the steps necessary to enter into a Conveyance Agreement.

Letter of Intent - Sheldon Farms, L.P.
February 12, 2025

CITY:

CITY OF ELK GROVE,
a California municipal corporation

BUYER:

SHELDON FARMS, L.P.,
a California limited partnership

By: _____
Jason Behrmann
City Manager

By: *Lara Regus* _____
Lara Regus
Senior Vice President, Development
2/3/2025 | 3:42 PM PST
Date: _____

Date: _____

Approved as to form:

By: *Jonathan P. Hobbs* _____
Jonathan P. Hobbs
City Attorney

Attest:

By: _____
Jason Lindgren
City Clerk

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2025-018

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on February 12, 2025 by the following vote:

AYES: **COUNCILMEMBERS:** *Singh-Allen, Robles, Brewer, Spease, Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN: **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California